



DEPARTMENT OF THE NAVY
THE ASSISTANT SECRETARY OF THE NAVY
(INSTALLATIONS AND ENVIRONMENT)
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

JUN 3 2004

The Honorable Christopher Cox
United States House of Representatives
Washington, D.C. 20515

Dear Congressman Cox:

Thank you for your letter of April 20, 2004 regarding the military housing located at the former Marine Corps Air Station, El Toro, California. I have enclosed our responses to the questions you asked in that letter.

Improving living conditions for Sailors, Marines, and their families is a top priority for the Department of the Navy. We are aggressively using military housing privatization authorities at locations such as Marine Corps Base (MCB), Camp Pendleton, to accomplish this as quickly as possible. We have already awarded two projects at MCB Camp Pendleton involving over 4,000 homes. The Marine Corps plans to execute additional phases totaling almost 4,600 homes by the end of Fiscal Year 2006. Through these initiatives, we will provide excellent quality, self-sustaining homes for Marines and their families close to where they work.

The Department of Navy does not support the reopening of the housing at El Toro. As indicated in the attachment, the El Toro homes are in extremely poor condition, are too costly to renovate even through a Public-Private Venture and are too far from MCB Camp Pendleton.

I am also in receipt of your letter of April 16, 2004 regarding commissary services for active duty and retired members who live in Orange County. In order to effectively respond to your questions, we have asked for detailed information from other organizations. Once we have gathered that information, we will respond separately to the questions raised in that letter.

As always, if I can be of further assistance, please let me know.

Sincerely,

A handwritten signature in dark ink, appearing to read "H. T. Johnson", is written over the typed name.

H. T. Johnson

Enclosure

**FORMER MCAS EL TORO HOUSING
RESPONSES TO QUESTIONS**

1. Does current law permit the annexation of the El Toro housing by Camp Pendleton and made part of their PPV (Public-Private Venture) housing program?

No. 10 USC 2878(b) prohibits the inclusion of property or facilities located on or near a military installation approved for closure under a base closure law in a military housing privatization project. Therefore, the El Toro property could not be included in the privatization initiative for Camp Pendleton.

2. How much does the Navy estimate it would cost the government to renovate and reopen the housing at El Toro through the PPV program?

As noted above, current law does not permit this. Were there no legal prohibition, the cost to DON would be approximately \$280 million. This includes \$129.6 million for PPV seed money to fix the housing plus approximately \$150 million for BRAC efforts that would have been funded with proceeds from the El Toro housing parcels land sale.

As there would be multiple legal hurdles and probable litigation associated with any attempt to reopen El Toro housing, the reopening could not be expected to occur prior to execution of the fourth phase of privatization at Camp Pendleton. The fourth phase is planned for award in September, 2006. On-going privatization efforts at Camp Pendleton will result in suitable, good quality, affordable housing for Marines and their families close to their place of work.

3. According to estimates my constituents have provided, a one-time housing renovation investment of \$25 million would allow the Pentagon to break even in less than two years, with private contractors handling the maintenance going forward. Is this accurate?

No. The estimates of \$25 million are grossly understated.

The former MCAS El Toro was closed as part of the Base Realignment and Closure (BRAC) Commission in 1993. At that time, the Air Station maintained an inventory of 1,188 family housing units, which were constructed between 1940 and 1970. Although scheduled for major renovation in the amount of \$105M at the time of the BRAC decision, these repairs (which included asbestos and lead paint removal) were not made due to the closure action. Instead, when these units were taken off-line as military families were relocated, their utility systems were capped and windows boarded up, in preparation for turning the property over to the Local Reuse Authority. In July, 1999 the Air Station was operationally closed. To date, many of the housing units have been vacant for up to seven years. Since the time of closure, significant additional deterioration has occurred.

The current Marine Corps estimate to replace or renovate these units is now over \$192 million. In March 2003, the General Accounting Office conducted an independent review of the Marine Corps cost estimate and agreed that the estimate was reasonable. Their conclusion supports the Department of the Navy's decision - reopening housing on El Toro would not be in the best interest of the Navy.

There have been news reports of offer from the Affordable Housing Resources in Tustin, CA to purchase all housing at El Toro from the Department of the Navy for \$255 million. In turn, the housing would be renovated and rented, on a preferential basis, to military families. There has been no formal offer presented to the Navy. (Even if an offer had been made, any sale of the property must be on a competitive basis.) In any event, there are practical obstacles to this offer. First, there is already an approved reuse plan, prepared by the Local Redevelopment Authority, for this property. Second, the offer is significantly less than the Navy's estimate for the value of the property. Finally, and perhaps most importantly, the housing at El Toro is too far for military families assigned to Camp Pendleton. For most, it is beyond the one-hour commuting time that is considered acceptable for military personnel.

4. In estimating commuting time, has the Navy considered the use of buses, trains, or other mass transit to transport military personnel between Camp Pendleton and El Toro?

Yes. In accordance with OSD policy, in order for a housing unit to be considered acceptable, it must be located within a one-hour commute by privately owned vehicle during normal commuting hours. El Toro falls outside the one-hour rush hour commute for most Camp Pendleton personnel. While use of mass transit was not assumed when calculating commute times, it would not reduce commute times in this case. Use of bus transportation would likely increase the commute time significantly. Use of trains should not be expected to reduce commute times as personnel would need to commute to and from the train stations and their homes, and to and from the train stations and their place of work on board Camp Pendleton.

5. The housing area sits separately from the rest of the base. Could not the El Toro housing be set aside without interfering with the Navy's plan to sell off the rest of the base property?

No. The Local Agency Formation Commission (LAFCO), the State agency responsible for overseeing municipal annexations, has already approved the annexation of the site. The City of Irvine City Council had previously certified the Environmental Impact Report (EIR), and approved Zone Change, General Plan Amendment, application to the LAFCO and the Development Agreement. The Development Agreement provides that developers may proceed with development of the project "in accordance with the terms and conditions of this Agreement, the "Existing Land Use Regulations" and the "Overlay Plan". "Existing Land Uses Regulations" is defined to include the City's General Plan, Zoning Code and all other ordinances, resolutions, rules and regulations of City governing development and use of the Property in effect as of the effective date of the development agreement. The Navy had finalized the site legal description and the Environmental Baseline Survey prior to LAFCO approval. The Navy is scheduled to sign the Finding of Suitability to Transfer (FOST) and Finding of

Suitability to Lease (FOSL) this summer. GSA should
issue Invitations for Bid this fall.